

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF DISTRICT
AGENCIES' IMPLEMENTATION OF
AUDIT RECOMMENDATIONS**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

August 16, 2005

Kelly Valentine
Interim Chief Risk Officer
Office of Risk Management
One Judiciary Square
441 4th Street, N.W., Ste. 800S
Washington, DC 20001


Dear Ms. Valentine:

Enclosed is the final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of District Agencies' Implementation of Audit Recommendations* (OIG No. 05-1-17MA).

As a result of our audit, we directed three recommendations for necessary actions to correct the described deficiencies. We received a response to the draft report from the Interim Chief Risk Officer of the Department of Risk Management (DCORM) on August 12, 2005. DCORM's response fully addressed all three recommendations, and we consider the actions currently on-going and/or planned to be responsive to the recommendations. The full text of the response is included at Exhibit C.

We appreciate the cooperation extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles J. Willoughby
Inspector General

CJW/cf

Enclosure

cc: See Distribution List

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EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed an audit of District Agencies' Implementation of Audit Recommendations. As a part of our fiscal year (FY) 2005 Audit Plan, we conducted an audit of selected District agencies to determine whether previously made audit recommendations have been implemented. This report summarizes the results of our assessment of District agency compliance with OIG audit recommendations.

The Comptroller General's Government Auditing Standards emphasize the importance of follow-up on significant findings and recommendations from prior audits to determine if corrective actions have been implemented. Based on this standard, coupled with the importance that we place on implementation of audit recommendations, we have included a performance measure to track audit recommendations so that we can assess the progress of corrective actions. Audit recommendations do not produce the desired outcomes unless they are implemented. The results of this audit will be used to establish our performance measure target baseline. This audit will be conducted on a triennial basis. The next District-wide audit is scheduled to be completed in FY 2008.

The overall objectives of the audit were to determine: (1) whether agencies have implemented agreed-to recommendations that were intended to correct reported deficiencies; and (2) whether the reported deficiencies have actually been corrected. The audit included review and evaluation of corrective actions taken by management on 337 recommendations made in 51 audit reports that were issued to 22 separate District agencies in the 3-year period from October 1, 2001, through September 30, 2004.

CONCLUSIONS

We are pleased to report that during our review all 22 agencies timely reported to the OIG the status of recommendations contained in prior reports. Additionally, agency risk managers and other appointed contacts worked collaboratively with the OIG to provide support for closed recommendations.

Our review identified that District agency officials reported to the OIG that action had been completed to address 259 of the 337 (77 percent) recommendations reviewed. The OIG verified documentation for 162 of these 259 recommendations to ensure that actions were actually completed and adequately closed the recommendation. Additionally, 10 of the 22 agencies adequately closed all recommendations at their agencies. A list of open recommendations is included at Exhibit B.

EXECUTIVE DIGEST

REVISIONS MADE TO DRAFT REPORT

On May 18, 2005, the OIG issued individual Management Alert Reports (MARs) to the 22 agencies included in our follow-up audit. These MARs identified the status of recommendations at each agency. When we issued our draft of this report (June 21, 2005), we reported the status of agency actions with regard to their respective recommendations previously reported in the MARs. Subsequent to the issuance of the individual MARs and our draft report, the OIG has received information from agencies to close recommendations previously reported as open. This final report reflects those updates.

SUMMARY OF RECOMMENDATIONS

We directed three recommendations to the Director, DCORM that we believe are necessary to address concerns revealed during the audit. The recommendations focus on ensuring the accuracy and completeness of the data contained in the tracking database, and working collaboratively with District agencies to close open recommendations.

A summary of potential benefits resulting from this audit is included at Exhibit A.

CORRECTIVE ACTIONS

On August 12, 2005, DCORM provided a written response to our draft report. DCORM's response fully addressed all recommendations, and we consider the actions currently on-going and/or planned to be responsive to our recommendations. The full text of DCORM's response is included at Exhibit C.

INTRODUCTION

BACKGROUND

The mission of the D.C. Office of Risk Management (DCORM) is to provide risk identification, analyses, control and financing direction, guidance, and support to District agencies so that they can minimize the total cost of risk. The DCORM operates the following programs:

Office of the Director

The Chief Risk Officer heads the Office of the Director. The purpose of the office is to provide risk management direction, guidance, and support to District government agencies so that the agencies can minimize the total cost of risk, resulting in improved government operations and enhanced service delivery. This is accomplished by integrating each agency's risk management programs (e.g., risk identification and analysis, risk control, finance and administrative services) into a District government integrated risk management program.

Risk Identification and Analysis Division

The primary goal of the Risk Identification and Analysis Division is to integrate the work of agency risk management representatives who systematically identify, measure, analyze, and document the District government's exposure to risk, thereby creating a dynamic D.C. risk map that supports the definition of efficient and effective risk management strategy.

Risk Control Division

The primary goal of the Risk Control Division is to effectively minimize the probability, frequency, and severity of accidental losses on a pre-loss and post-loss basis through a compliance-monitoring program for safety, security, and contingency planning for emergencies by all D.C. agencies.

Risk Financing Division

The primary goals of the Risk Financing Division are to professionally anticipate and plan for funding loss payments and manage the adjudication of claims and recoveries.

Risk Administrative Services Division

The primary goal of the Risk Administrative Services Division is to enhance service delivery of DCORM through financial, data, technology, and office management support services.

Additionally, in FY 2004 the following two programs were transferred to DCORM: (1) the administration of the Settlements and Judgments fund from the D.C. Office of the Attorney

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General; and (2) the District of Columbia Government Employees Disability Compensation program from the Office of the City Administrator.

OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives of the audit were to determine whether agencies have: (1) implemented agreed-to recommendations that were intended to correct reported deficiencies; and (2) actually corrected reported deficiencies. To accomplish our objectives, we reviewed 51 audit reports that contained 337 recommendations issued to 22 District agencies during the period of October 1, 2001, to September 30, 2004. Our audit universe and scope are detailed below.

	Total Reports Issued	Total Recommendations Made	No. of Reports Included in Follow-up Audit	No. of Recommendations Identified for Follow-up Audit
FY 2002	31	228	20	131
FY 2003	27	162	13	102
FY 2004	28	167	18	104
	86	557	51	337

We contacted agencies and provided them a list of the recommendations open at their agency that would be included in our review. We then asked agency directors for supporting documentation of actions taken to address any recommendations they reported as closed. We reviewed the submitted documentation to determine whether it supported their determination.

In addition to reviewing documents submitted by the agencies, we discussed the responses provided with agency officials and personnel responsible for the implementation of recommendations to obtain further data or clarification of actions taken. We then made a determination as to the status of the recommendation - “open”, “closed”, or “overtaken by events”.¹

¹ **Open.** Management did not take sufficient action to correct a reported deficiency. The recommendation was not completely implemented or the action taken does not satisfy the intent of the recommendation.

Closed. Management actions were sufficient. The recommendation was fully implemented and/or the action taken satisfies the intent of the recommendation.

Overtaken By Events. The recommendation made in the original audit report, in our opinion, is no longer necessary to implement. Action would no longer be needed because of a change in management or internal control structure, laws, rules and regulations, policies or procedures, and other significant or unforeseen events.

INTRODUCTION

The second audit objective, the verification phase of our audit, was limited to analyzing the documentation provided by agency officials to determine whether management had put in place controls to address the deficiency. For example, if the recommendation required that a policy be implemented to address a weakness, we verified that the policy had in fact been written, finalized, and promulgated. We did not otherwise verify, beyond analyzing supporting documentation provided and discussing past recommendations with agency personnel, the implementation and effectiveness of corrected actions reported by agency personnel.

ROLE OF THE INSPECTOR GENERAL

Pursuant to D.C. Code. § 2-302.08 (f-2), the OIG is required to report annually on the activities of the Office during the previous fiscal year. In order to assess the actions taken by agency management in response to previously reported deficiencies, the OIG conducted a District-wide audit of agencies' implementation of recommendations from previous audit reports.

RESULTS OF PAST FOLLOW-UP AUDIT

The OIG issued its previous follow-up audit report on April 23, 2002. Our 2002 audit covered 7 District agencies and 194 recommendations. Audit results showed that the rate at which District agencies implemented agreed-to audit recommendations ranged from a high of 90 percent to a low of 63 percent. On average, the 7 District agencies which were reviewed complied with 80 percent of the recommendations. Where corrective actions were implemented, we believe that sufficient action was taken by management to address noted deficiencies.

Additionally, we found that 6 percent of the recommendations were no longer necessary to implement because recommended actions were overtaken by certain events, i.e., a change in laws, policies, or procedures; operational or system changes; or other factors. However, an average of 14 percent of the recommendations had not been implemented.

This audit also identified that the District needed to establish a system to track the status and monitor the implementation of recommendations made to District agencies by the OIG, Government Accountability Office (GAO), various federal inspectors general, and non-government auditors. This need became evident during our follow-up audit. None of the seven agencies we selected for review had established an organized system for tracking and monitoring the status of audit recommendations.

In response to recommendations made in this audit, the Office of the City Administrator provided a list of actions that had been taken to collect and review past audit reports issued to the District by outside consultants, the D.C. Auditor, the GAO, and the OIG. We were further informed that a data tracking system was under development.

FINDINGS AND RECOMMENDATIONS

FINDING 1: TRACKING AND MONITORING OF AGENCIES FOLLOW-UP ACTIONS NEED IMPROVEMENT

SYNOPSIS

The audit disclosed that DCORM officials were unsure as to their role in regard to the tracking and monitoring of District agency implementation of audit recommendations. DCORM officials did have a database that contained information related to audit reports and recommendations for District agencies. However, the database was incomplete and contained errors. Further, reports were not generated from the system or reviewed by DCORM officials, and there was no evidence that any communication existed between DCORM and agency staff in regard to recommendation follow-up, even where agencies had taken action to close recommendations. This condition occurred mainly because of a lack of staff in the DCORM. As a result, information necessary to keep the agency head, District executive management, City Council, and OIG informed of the status of recommendations and the actions that the agencies had taken was not kept current and was not maintained in a central location. Consequently, District stakeholders cannot be assured that the conditions identified in the various audit reports have been corrected or that action is ongoing to correct the deficiencies.

Discussion. On March 22, 2005, we conducted a meeting with DCORM officials to evaluate their role with regard to monitoring agency implementation of audit recommendations. At that meeting, we asked DCORM officials to describe their role as it relates to District agency follow-up. DCORM officials stated that their division of Risk Control was responsible for maintaining a database of all recommendations made by audit agencies and organizations. DCORM officials reported that they had entered 36 OIG reports into their database with 331 recommendations for the period FY 2003 – FY 2005. They added that their database contained other reports from such agencies as GAO, the D.C. Auditor, and OCFO and agency audits. DCORM officials acknowledged that their database may not be complete because as of March 2005 that division only had one full-time equivalent (FTE) and they only entered reports that they had received a copy of.

We obtained reports and other printouts of the information contained in the database. Our review of this data identified 23 OIG reports (10 for FY 2003, 12 for FY 2004, and 1 for FY 2005), a difference of 13 reports. We believe the discrepancies were due to inaccurately recording reports issued by other audit entities as OIG audit reports. We also noted minor typographical errors in the audit report number and inconsistencies in the use of upper- and lower-case letters, which may affect queries. We did confirm that it also contained reports from other agencies such as GAO, the D.C. Auditor, and Office of the Chief Financial Officer (OCFO).

FINDINGS AND RECOMMENDATIONS

Criteria. The Office of Management and Budget Circular No. A-50 (Circular) guides federal agencies on audit follow-up. Its purpose, in part, is to “emphasize the importance of monitoring the implementation of resolved audit recommendations in order to assure that promised corrective action is actually taken.” Specifically, the Circular provides that each federal agency shall establish systems to assure the prompt and proper resolution and implementation of audit recommendations. These systems must document action taken on both monetary and non-monetary findings and recommendations.

The Circular also provides that audit follow-up is an integral part of good management and is a responsibility shared by agency management officials and auditors. The Circular directs specific actions that should be taken by federal agencies that would assure effective follow-up systems.

The District should adopt applicable portions of the Circular to improve District government operations and establish systems to assure the prompt and proper resolution and implementation of audit recommendations. In particular, the systems should provide for a complete record of action taken by management on all findings and recommendations included in the reports issued by GAO, federal inspectors general, non-government auditors (e.g., A-133 reports and the Consolidated Annual Financial Reports), and the OIG.

The need to complete effective action on recommendations extends to all departments and agencies of the District government, whether independent of the Mayor or not.

RECOMMENDATIONS

We recommended that the Interim Chief Risk Officer, DCORM:

1. Adopt the applicable portions of OMB Circular No. A-50 and ensure that the recommendation tracking system used by DCORM meets the Circular’s specifications.
2. Establish controls to ensure the accuracy of data contained in DCORM’s tracking database.

MANAGEMENT RESPONSE

The Interim Chief Risk Officer, DCORM, concurred with the above recommendations and reported that they will hire a Special Assistant by the end of FY 2005 to address these recommendations and take other actions necessary to close out open recommendations. The full text of DCORM’s response is included at Exhibit C.

FINDINGS AND RECOMMENDATIONS

FINDING 2: RESULTS OF DISTRICT AGENCIES' FOLLOW-UP ACTIONS

SYNOPSIS

District agency officials reported to the OIG that action had been completed to address 259 of the 337 (77 percent) recommendations reviewed. The OIG verified documentation for 162 of these 259 recommendations to ensure that actions were actually completed and adequately closed the recommendation. Additionally, 10 of the 22 agencies adequately closed all recommendations at their agencies.

Discussion. We contacted agencies and informed them of the recommendations open at their agency that would be included in our review. We then asked agency directors for supporting documentation of actions taken to address any recommendations they reported as closed. We reviewed the submitted documentation to determine whether it adequately addressed the reported deficiency. Table I below depicts the results of our review.

Table I							
	Agency	Total	Closed	Verified	Percentage of Closed Verified	Open	Percentage Remaining Open
1	Department of Health	38	33	16	48%	5	13%
2	Department of Housing and Community Development	18	16	16	100%	2	11%
3	Department of Mental Health	33	30	22	67%	3	9%
4	District Department of Transportation	20	19	3	16%	1	5%
5	District of Columbia Housing Authority	18	17	9	53%	1	6%
6	District of Columbia Public Schools	33	3	3	100%	30	91%
7	District of Columbia Water and Sewer Authority	8	6	0	0	2	25%
8	Office of Contracting and Procurement	20	11	6	55%	9	45%
9	Office of Planning	12	8	0	0	4	33%
10	Office of Property Management	12	3	1	33%	9	75%
11	Office of the Attorney General	30	19	17	89%	11	37%
12	Office on Aging	20	19	13	68%	1	5%
	Totals:	262	184	106		78	

RECOMMENDATIONS

Table I identifies the 12 agencies that have recommendations for which action to close recommendations has not been completed. The table also shows the total recommendations reviewed, the total identified as closed, and the total verified by direct analysis of supporting documentation. We are recommending that DCORM follow-up on the 78 recommendations that remain open to ensure that agencies continue to work aggressively to close those recommendations. A list of these recommendations is included at Exhibit B.

Table II below identifies the ten agencies for which reported actions were deemed sufficient by the OIG to adequately close all recommendations at their respective agency.

Table II				
	Agency	Total Reviewed/ Closed	Number Verified	Percentage Verified
1	Department of Corrections	3	2	67%
2	Department of Consumer and Regulatory Affairs	13	7	54%
3	Department of Human Services	14	14	100%
4	Fire and Emergency Services Agency	7	6	86%
5	Metropolitan Police Department	8	6	75%
6	Office of the Chief Financial Officer	7	7	100%
7	Office of the Chief Technology Officer	14	13	93%
8	Office of Finance and Resource Management	3	0	0%
9	Washington Convention Center	5	1	20%
10	Youth Services Administration	1	0	0%
	Total:	75	56	73%

RECOMMENDATION

3. We recommended that the Interim Chief Risk Officer, DCORM follow-up with agency officials on the 78 recommendations that remain open to ensure that agencies continue to work aggressively to timely close these recommendations.

MANAGEMENT RESPONSE

The Interim Chief Risk Officer, DCORM, concurred with the above recommendation and reported that they will work with District agencies to ensure compliance with audit recommendations. The full text of DCORM's response is included at Exhibit C.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendation	Description of Benefit	Amount and Type of Benefit	Status ¹
1	Economy and Efficiency and Internal Control. Ensures that a system is established and fully operational to properly monitor and track District agency audit recommendations.	Non-monetary	Open
2	Economy and Efficiency and Internal Control. Ensures that data recorded are accurate and complete.	Non-monetary	Open
3	Program Results. Ensures that DCORM has adequate resources allocated to monitor and track District agency audit recommendations.	Non-monetary	Open

¹ This column provides the status of a recommendation as of the report date. For final reports, “**Open**” means management and the OIG are in agreement on the action to be taken, but action is not complete. “**Closed**” means management has advised that the action necessary to correct the condition is complete. “**Unresolved**” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

EXHIBIT B: LIST OF OPEN RECOMMENDATIONS

The list below contains 78 open recommendations identified during our follow-up audit. Where available, agency comments are included. For tracking purposes, the recommendation number in the original reports is maintained for this report.

DEPARTMENT OF HEALTH

Report on Management Operations at the Washington Humane Society, 01-1-05HC, issued: 12/21/2001

17. We recommended that the Director, DOH review WHS cash receipt records on animal adoptions and redemptions for the 3-year period of the audit, and determine how much, if any, funds may be due to the District.

This reconciliation was not performed due to the unavailability of records. OIG discussed the need for this type of reconciliation with DOH officials who agreed that cash receipts should be reconciled to amounts remitted to the D.C. Treasurer. DOH does receive a spreadsheet which includes all transactions processed during a billing cycle by the contractor; however, DOH officials are unable to reconcile this data because they do not have direct access to the contractor's computer data (real-time). DOH officials stated that they will continue to work to resolve this issue.

18. We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services requires the contractor to give change for services rendered, or accept credit and debit cards as payment.

DOH officials reported that the RFP did contain a clause requiring the contractor to give change for services rendered, or accept credit and debit cards as payment. However, during contract negotiations, this requirement was removed. The current contract only requires change to be given after DOH provides the contractor with a secure cashier area. DOH officials stated that at this time, funding is not available to construct a secured cashier area.

21. We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services provides for a computer linkage that will allow DOH immediate access to any database used by the contractor.

DOH officials reported that the RFP did contain a clause requiring a computer linkage that would allow DOH immediate access to any database used by the contractor. However, during contract negotiations, this requirement was removed. The current contract does not require DOH to have immediate access to contractor data. The remaining open recommendations at DOH are the result of non-concurrence by DOH's HealthCare Safety Net Administration (HCSNA) officials and restraints placed

on DOH due to ineffective contract provisions for services provided at the Washington Humane Society. The OIG has a follow-up audit planned at DOH, during which many of the recommendations and previously reported findings will be reviewed.

Audit of the Health Care Safety Net Contract, 02-1-2HC, issued: 10/4/2002

4. We recommended that the Director of DOH review and adjust the expected service levels shown in the contract to reflect more realistic expectations based on actual service levels collected to date.
5. We recommended that the Director of DOH calculate the exact funding surplus, reduce the contract funding by that amount, and put the funds to better use within the Department.

HCSNA officials did not concur with these two recommendations. Specifically, HCSNA officials disagreed with the conclusion that service levels are inflated and that a surplus of funding exists.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Audit of the Department of Housing and Community Development's Management of the Home Investment Partnerships Program, Audit No. 02-1-9DB, issued 9/30/2002

2. We recommended that the Director, Department of Housing and Community Development evaluate the use of a home purchase trust fund to operate as a revolving fund and to provide an additional source of financial assistance to low-income to moderate-income first-time homebuyers in the District of Columbia. This initiative should be pursued in coordination with policies and strategies developed in accordance with Recommendation 1.

DHCD did not concur with this recommendation in its response to the final report. DHCD officials stated that DHCD had evaluated the current Housing Production Trust Fund statute, and found that the statute does not allow the Housing Production Trust Fund to be used as a viable source to implement the recommendation. In addition, DHCD officials stated that the Home Purchase Assistance Program (HPAP) already operates as a revolving fund, in that repayments of HPAP monies are used to make new HPAP loans. Further, DHCD officials stated that they are pursuing other initiatives with private sector enterprises to provide financial assistance to low-income to moderate-income persons for affordable housing. While the result may not be a revolving fund managed and operated by DHCD, one program involves several financial institutions partnering with DHCD to provide homebuyer financial assistance to a targeted population.

DHCD's response does not fully meet the intent of the recommendation. Although DHCD officials noted that they were pursuing other initiatives, insufficient details were

provided for us to assess whether or not those initiatives meet the intent of the recommendation. Further, the fact that the HPAP is already a revolving fund is not relevant to the intent of the recommendation. The intent of the recommendation was to seek public, quasi-public, and private sector funds from various sources to provide an additional source of financial assistance to low-income to moderate-income first-time homebuyers and to maximize the potential of those funds by the use of a revolving fund to make new loans.

8. Determine the interest earned on \$604,318 of HOME Investment Partnerships Program grant funds that remained unexpended 15 days after the \$1 million drawdown on December 4, 1998, and remit that interest to the U.S. Department of Housing and Urban Development. Calculate the interest earned on the \$604,318 from the 16th day after the drawdown, December 20, 1998, through the settlement dates of each of the 18 mortgage loans made after December 20, 1998, and remit that interest to the U.S. Department of Housing and Urban Development.

Agency officials reported that they have not completed action on this item. No completion date was provided.

DEPARTMENT OF MENTAL HEALTH

Audit of Department of Mental Health's Patient Accounts, 01-1-06RM(a), issued: 6/13/2002

We recommended that the Director, Department of Mental Health:

2. Review all files of deceased patients, initiate actions to ensure relatives of deceased patients are notified of funds that remain in their accounts, and disburse the funds in accordance with probate or other legal requirements.

DMH agency officials reported that implementation of this recommendation is ongoing. Expected date of completion: 9/30/2005. As of April 2005, DMH returned approximately \$50,000.

4. Locate discharged patients and disburse funds to the identified discharged individuals.

DMH agency officials reported that implementation of this recommendation is ongoing. Expected date of completion: 9/30/2005.

Audit of Unusual Incident Reporting Procedures at the District of Columbia Department of Mental Health, 01-1-06RM(c), issued: 6/19/2003

14. Negotiate a memorandum of understanding with the U.S. Attorney's Office and the Office of Corporation Counsel (currently the D.C. Office of the Attorney General)

to confirm the issuance of bench warrants and to provide dates and case numbers for all bench warrants issued.

DMH agency officials reported that the MOU is in process. No expected completion date was provided.

DISTRICT OF COLUMBIA HOUSING AUTHORITY

Audit of the District of Columbia Housing Authority's Contract Management and Record Keeping for HOPE VI Projects, 01-2-25PH(b), issued: 4/21/2003

1. We recommend that the District of Columbia Housing Authority Director establish policies and procedures requiring: (a) development of a cost-benefit analysis for use of in-house labor (force account labor) for any HOPE VI project or other grant projects.

Agency officials reported that development of a cost-benefit analysis instruction book is ongoing. No estimated completion date was provided.

DISTRICT DEPARTMENT OF TRANSPORTATION

Audit of the District of Columbia Highway Trust Fund, 02-1-1KA(b), issued: 2/1/2002

The OIG recommended that:

1. DPW ensure that vendors requesting occupancy permits are in compliance with all required laws before the issuance of a permit.

DDOT did not respond to this recommendation. Because no action was reported as taken, we consider this recommendation as open.

DISTRICT OF COLUMBIA PUBLIC SCHOOLS

District of Columbia Public School's Facilities Management Department, 01-2-24GA, issued: 9/13/2002

We recommended the following:

1. The FMD should establish an overall FMD policy and procedure manual documenting the significant processes within the FMD.
2. DCPS should consider separating the financial and operational management at FMD. This could be accomplished by appointing a senior level financial officer who would be familiar with the financial objectives and issues inherent in governmental

accounting. This officer could report directly to the CFO for the DCPS. The FMD should also implement routine training for personnel involved in the financial process.

3. DCPS should establish definitions for Capital spending and Maintenance spending that conforms to generally accepted financial standards. These definitions should be enforced in all FMD transactions, with both the Purchasing function and the Accounting function having accountability for enforcement. A coordinated policy and procedure manual should be developed and implemented.
5. FMD should fill key management positions immediately with qualified personnel. Further, it should examine its organizational structure to develop backup training for key positions so that these positions can be covered during transitions.
6. The FMD should create a written code of conduct that should be reinforced through the behavior of management. This code should provide explicit guidance for acceptable professional behavior, standards for conflict of interest situations, and should outline the penalties to employees who violate the code. Management should disseminate, communicate, and train personnel on the code and use it in periodic performance evaluations.
9. FMD should implement an inventory control system that is equipped to track the use of project supplies, tools, and small equipment. A concurrent inventory control manual should be written and implemented addressing policies and procedures. It should contain specific descriptions of employee duties and responsibilities for the use of tools and equipment.

Audit of the District of Columbia Public Schools' Procurement of School Security Services, 03-2-14GA, issued: 4/26/2004

We recommended that the Interim Superintendent, District of Columbia Public Schools:

1. Develop policies and procedures that require DCPS to formulate a procurement planning committee to coordinate the development of DCPS's annual procurement plan for major DCPS contracts for goods and services.
2. Establish internal policies and procedures for complying with Title 27, DCMR Sections 1701.2, 1702.2, and 2100.1 regarding the award and justification of sole source contracts.
3. We recommended that the Interim Superintendent, District of Columbia Public Schools develop internal policies and procedures requiring the Superintendent, District of Columbia Public Schools to review and approve procurements over \$1 million and repetitive procurements for the same goods or services just under the \$1 million threshold to assure compliance with District laws and regulations for submission to Council.

4. We recommended that the District of Columbia Chief Procurement Officer update Title 27 of the District of Columbia Municipal Regulations to include guidelines regarding the use of task orders.
5. Develop guidelines on the submission of task order procurements greater than \$1 million to the Council of the District of Columbia for review and approval.

Audit of the District of Columbia Public Schools' Procurement of School Security Services, 03-2-14GA (e), issued: 8/6/2004

We recommended that the Interim Superintendent, District of Columbia Public Schools:

2. In addition to guidance provided by Title 27 DCMR, develop specific operational policies, procedures, and guidelines over the Office of Contracts and Acquisitions' business processes.
3. Develop operational policies over the technical proposal evaluation process that address the internal control weaknesses outlined in this report. Specifically, include guidance on: (a) the physical control environment where evaluations are conducted; (b) the custody and control of proprietary offeror information; and (c) the supervision and guidance provided to the evaluation committee members.
6. Evaluate the actions of DCPS contracting personnel for failure to comply with D.C. Code § 2-301-05(2) and, if deemed appropriate, take disciplinary actions in accordance with D.C. Code § 2-301.05(3).
7. Develop policies and procedures outlining the process, roles and responsibilities, and performance measures for the parties involved in the review and approval of contracts requiring the Superintendent, the BOE, and Council approval.

Audit of the District of Columbia Public Schools' Incident Reporting, 03-2-14GA(a), issued: 9/7/2004

We recommended the Interim Superintendent, DCPS:

1. Establish definitive policies and procedures governing the process for resolving reported incidents. These procedures should, at a minimum, establish accountability for recording the initial incident information and updating the incident-reporting database to reflect the final disposition of each incident.
2. Define the requirements for transmitting the incident information in a timely manner to the appropriate DCPS and investigative officials, including reporting student suspensions to the Assistant Superintendent for Student Services.
3. Define the requirement to provide periodic updates of on-going incident investigations to the appropriate DCPS officials.

4. Use the information contained in the incident-reporting database for developing risk assessments, special studies, and trend analyses.
5. Require that the security services contractor develop operational procedures that standardize the data elements entered into the incident reporting system.
6. Direct the DCPS Division of School Security to review and update all procedures and other security-related guidance.
7. Take action to ensure timely notification to parents/guardians of all student infractions and disciplinary actions, to include the circumstances related to the infraction and the reason for any disciplinary action taken.
8. Develop a directive that specifies how incident reports will be handled and require that the Assistant Superintendents involved in the resolution of incidents report the final disposition of every incident to the DCPS Division of School Security so that the computerized database will provide a complete history of incidents. The directive should further require appropriate security personnel to obtain information regarding status and resolution of incidents within jurisdiction of the MPD or other law enforcement authorities.

Audit of Physical Security at the District of Columbia Public Schools, 03-2-14GA(b), issued: 9/10/2004

We recommended the Interim Superintendent, DCPS:

1. Develop a comprehensive school safety and security plan that covers all major threats to D.C. Public Schools. This plan must be reviewed, updated, and approved annually or more frequently if needed.
2. In order to improve the allocation and use of limited security resources:
 - a. Develop school security risk assessments;
 - b. Ensure that the security service contractor performs physical security studies or reviews at each school in accordance with the contract terms;
 - c. Incorporate the results of these studies into the comprehensive safety and security plan; and
 - d. Use these physical security studies to acquire and assign resources to address known problems and at-risk schools.
3. In coordination with the D.C. Department of Fire and Emergency Medical Services (DCFEMS), develop and implement a program to identify appropriate strategies to address problem doors in public school buildings that include:

- a. Identification of doors that need repair;
 - b. Determination of the number of doors that need to be operative, given the student population in an emergency situation;
 - c. Actions to eliminate doors found to be unneeded in emergencies;
 - d. Reviews of door security technologies to identify and acquire leading edge technology to upgrade security and safety measures;
 - e. Designation of doors to be equipped with electromagnetic delayed egress doors; and
 - f. Designation of doors to be under surveillance of cameras.
4. Identify and replace all camera equipment that is inoperable or that provides inadequate surveillance coverage and versatility to identify illicit acts and the perpetrators of those acts.
 5. Identify areas in and outside of school buildings, especially in high-risk schools, that are not monitored by cameras, such as hallways, stairwells, and parking lots and take remedial actions to provide such coverage.
 6. Identify schools having problems with CCTV and surveillance cameras and take actions needed to upgrade equipment, train personnel in the use of the equipment, and take action to improve monitoring functions.
 7. In conjunction with the security surveys, evaluate the adequacy of the security guard force in high-risk schools to determine if sufficient and competent security personnel are assigned to these locations, and revise guard force assignments as necessary.

DCPS officials reported that they plan to close-out one-half of the remaining recommendations reported as open. Specific identification as to which recommendations would be closed next was not noted in DCPS's response. Further, no details of any actions – planned or commenced – for any of the remaining open recommendations were provided.

DISTRICT OF COLUMBIA WATER AND SEWER AUTHORITY

Audit of Residential Customer Billing for Water Usage and the Customer Complaint Process, 03-2-13LA(b), issued: 6/1/04

We recommended that WASA:

1. Establish a process for periodic monitoring of customer complaints and customer accounts to ensure timely resolution of complaints and timely adjustments to

customer accounts, when warranted.

WASA's Customer Service Manager of Office Operations acknowledged that there is no documented process for periodic monitoring of customer complaints. However, they do maintain schedules documenting Customer Service's efforts to improve the customer complaint process by providing weekly statistics of the number of complaints and the number of complaints closed, how they were closed, and when they were closed.

2. Ensure that all records in the complaint process are adequately maintained and are complete. Periodic checks on these accounts could be performed during the year as part of WASA's quality assurance procedures.

WASA's Customer Service Manager of Office Operations provided examples of customer complaint files to WASA's Internal Auditor. It was the opinion of WASA's Internal Auditor that the files appear to adequately document Customer Service's investigative process. However, a random selection of accounts to be audited by the supervisor cannot be validated because audits performed are not being documented.

OFFICE OF THE ATTORNEY GENERAL

Audit of the District of Columbia Antifraud Fund, 02-2-11CB, issued: 5/30/2002

2. We recommended that the Corporation Counsel (currently the D.C. Attorney General's Office) review Fund transactions on a regular basis to ensure they are properly posted and timely received.

OAG responded that they are in the process of developing a centralized database and have written procedures for OAG attorneys who handle anti-fraud cases to ensure that settlements and judgments are properly posted and timely received.

Audit of the District of Columbia's Management of Genetic Testing, 03-2-02CB, issued: 10/20/2003

We recommended that the D.C. Attorney General:

1. Develop proposed joint procedures and organizationally unique procedures to govern the administrative and operational management of the District of Columbia's genetic testing program for IV-D and non-IV-D cases.

OAG/CSSD reported that they are currently working on the organizationally unique procedures with the entity which recently acquired FIL. These procedures are in a draft stage and should be finalized in the coming weeks. The existing genetic testing contract between Fairfax Identity Laboratories (FIL) and OAG/CSSD clearly sets forth the joint procedures to govern the administrative and operational management of the District's genetic testing program for IV-D cases. Recently, FIL was acquired by another genetic testing company, Commonwealth Biotechnologies, Inc.

2. Appropriately modify the existing Memorandum of Understanding between the Office of the Corporation Counsel and the Superior Court of the District of Columbia or prepare a separate memorandum of understanding between the Office of the Corporation Counsel and the Superior Court of the District of Columbia, to establish the agreed upon procedures.

When OAG/CSSD enters into a new MOU with the Superior Court, it will incorporate any new procedures agreed upon by the current genetic testing contractor, FIL, and OAG/CSSD. The MOU should be in place by August 2005.

Audit of the District of Columbia Child Support Enforcement System, 01-1-11CB(a), issued: 4/1/2003

6. We recommended that the Office of the Corporation Counsel develop operational policies and procedures in accordance with the District's unclaimed property laws to write-off UDCs that cannot be distributed back to the payer and that remain undistributed for extended time periods.

OAG reported that a procedure has been identified and is being followed, however, policy had not been finalized as of the date of our review. It is the policy decision of OAG/CSSD that any child support collections that cannot be distributed to the custodial parent because of a lack of a valid address do not qualify as unclaimed property under District law. The intent of child support programs is to provide a stable source of income for families. When OAG/CSSD cannot distribute collections to a custodial parent because of an invalid address, all attempts are made to locate the custodial parent. If after a complete search the custodial parent cannot be located, the collections will be returned to the non-custodial parent and the support order suspended until the custodial parent is located. Upon locating the custodial parent, the support order will be reinstated and the amounts owed collected and sent to the custodial parent. If the non-custodial parent cannot be located, the money will be subject to the Division's abandoned property policy, which is in the process of being finalized. Programming logic for the Child Support Automated System must be completed for full implementation of the policy.

- 8(b). We recommended that the Office of the Corporation Counsel obtain the system documentation deliverables in accordance with contract provisions or initiate a monetary adjustment to the contract for the value of undelivered items.

The contract between Tier Technologies, Inc. and OAG/CSSD expired on May 20, 2004, and OAG's Civil Enforcement Division is in the process of drafting a complaint to recover monies paid for any undelivered items.

12. We recommended that the Office of the Corporation Counsel develop plans to replace contractor personnel with District government personnel that possess the requisite skills and experience to support the DCCSES and CSED LAN.

OAG/CSSD has begun the process of recruiting and performing contractor-to-FTE conversions, to eliminate contractor dependencies in the areas of DCCSES and LAN support. OAG/CSSD anticipates recruiting a total of three key ADP staff this fiscal year (FY05).

Audit of the District of Columbia Child Support Enforcement System Contract, 01-1-11CB(b), issued: 10/22/2003

1. We recommended that the Office of the Corporation Counsel, in concert with the Office of Contracting and Procurement, take action to recover the value of direct and indirect communications and network personnel salary costs paid by the District for employees that were not provided by the contractor in accordance with contract terms.

OAG's Civil Enforcement Division is in the process of drafting a complaint to recover the value of direct and indirect communications and network personnel salary costs paid by the District to Tier Technologies, Inc. for employees that were not provided by the contractor in accordance with contract terms.

5. We recommended that the Office of the Corporation Counsel, in concert with the Office of Contracting and Procurement, take action to recover the \$13,686 CSED paid to the contractor for PC and printer maintenance while the equipment was under the manufacturer's warranty.

OAG's Civil Enforcement Division is in the process of drafting a complaint to recover the \$13,686 that OAG/CSSD paid to Tier Technologies, Inc. for PC and printer maintenance while the equipment was under the manufacturer's warranty.

7. We recommended that the Office of the Corporation Counsel, in concert with the Office of the Chief Technology Officer and the Office of Contracting and Procurement, determine the feasibility and cost effectiveness of moving the DCCSES computer facility from its present location to ODC2 and if feasible and cost effective, modify the contract to reflect the move.

OAG/CSSD will review the feasibility of moving the DCCSES to ODC2 upon the completion of the feasibility study to be performed by OCTO BPR (FY05). This study shall deliver alternative solutions to replace/enhance the DCCSES.

8. We recommended that the Office of the Corporation Counsel, in concert with the Office of the Chief Technology Officer and the Office of Contracting and Procurement, review the facilities management-other direct costs to determine if CSED can achieve efficiencies and cost reductions resulting from the move of the DCCSES computer facility to ODC2.

OAG/CSSD will move on this finding based upon the completion of the feasibility study to be performed by OCTO BPR (FY05). This study shall deliver alternative solutions to replace/enhance the DCCSES.

9. We recommended that the Office of the Corporation Counsel, in concert with the Office of Contracting and Procurement review the contract and modification documentation to determine whether the contract needs further modification to compensate for any remaining amounts the contractor may have over billed the District.

The contract between Tier Technologies, Inc. and OAG/CSSD expired on May 20, 2004. OAG's Civil Enforcement Division is in the process of drafting a complaint to recover any amounts that the contractor over billed OAG/CSSD.

OFFICE OF CONTRACTING AND PROCUREMENT

Audit of the Office of Contracting and Procurement Training Program, 01-1-04MA, issued: 6/28/2002

1. We recommended that the Director of the Office of Contracting and Procurement verify educational background and prior formal procurement training taken by employees.

OCP officials reported that OCP's Human Resources unit, effective April 1, 2005, will verify the educational background and prior formal procurement training of prospective employees in the 1100 series and maintain documentation of the verification in each employee's personnel file. The Human Resources unit will work with the OCP Training Coordinator to update the profiles of all OCP employees to include their training histories in the training database by 10/1/05.

2. We recommended that the Director of the Office of Contracting and Procurement put in place the comprehensive skill assessment of OCP employees.

OCP officials reported that they lacked the funding to contract for employee assessment services. During FY 2005, managers in operations have assessed the skill levels of approximately 70% of employees in the 1100 series. The remaining employees will be assessed prior to the end of FY 2005.

3. We recommended that the Director of the Office of Contracting and Procurement design an individual development plan for each employee, taking into consideration individual training needs, minimum training requirements, and career development.

OCP officials reported that Individual Development Plans are in place for MSS employees. Supervisors, in conjunction with their employees, using the skills assessment results, will develop Individual Development Plans during FY 2005, pending union approval for union employees.

6. We recommended that the Director of the Office of Contracting and Procurement finalize the draft handbook, including completing student profile forms and adding minimum training requirements.

OCP officials reported that they have a Skills Alignment Team in place that is updating the core skills and minimum training requirements for each grade level in the 1100 contracting series. OCP will incorporate the updated information into the Training Manual and distribute the Manual. No date was provided for completion of these actions.

Audit of Procurement Activities by the Office of Contracting and Procurement and the Department of Human Services, 02-1-03MA(a), issued: 11/20/2003

2. We recommend that the Director, Office of Contracting and Procurement, establish supervisory oversight control procedures, which will assure that contracts are not deobligated in order to move funds to another contract without using the proper procedures as outlined by the general accounting and contracting policies.

OCP officials stated that they will begin dialogue with the OCFO to establish necessary procedures to adequately address this recommendation.

Audit of Procurement Activities by the Office of Contracting and Procurement (OCP) for the Department of Consumer and Regulatory Affairs (DCRA), 02-1-3MA(a), issued: 8/27/2003

We recommended that the Chief Procurement Officer, Office of Contracting and Procurement:

1. Require OCP supervisory personnel to conduct periodic reviews of contract files at DCRA to strengthen management oversight of agency-based procurement personnel.
2. Cease the process of setting the same price for nuisance abatement contractors and make awards within existing regulations and authority.
3. Prepare determinations and findings for any future sole source procurement awards at DCRA.
4. Hold workshops for DCRA program and administrative personnel regarding agency procurement planning, sole source procurements, and procurement law and regulations.

During our follow-up audit, DCRA officials were asked to respond to the above recommendations. DCRA officials stated that OCP officials would best be able to provide any status of actions taken in regard to these recommendations.

OFFICE OF PLANNING

Audit of the District of Columbia Historic Preservation Division's Grant Processes and Procedures, 01-2-19BD, issued: 6/18/2002

10. We recommended that the Director of the Office of Planning review all subgrantees for FYs 1998 and 1999 to determine if they have satisfied the terms and conditions

of their subgrants, and subsequently render a decision on the unsupported costs and matching shares.

11. We recommended that the Director of the Office of Planning determine if subgrantees “C” and “S” are indebted to the District government for overpayments of \$21,783 and \$4,879, respectively.
12. We recommended that the Director of the Office of Planning review subgrantee compliance with the terms and conditions of the subgrants for FYs 2000 and 2001.
13. We recommended that the Director of the Office of Planning document the results of HPD’s review of subgrantee compliance for subgrants awarded in FYs 1998 through 2001.

Office of Planning officials concurred with these recommendations but reported that they do not have the necessary resources to perform tasks necessary to close the recommendations.

OFFICE OF PROPERTY MANAGEMENT

Audit of Rent Collections in the District of Columbia Government, 01-1-26MA, 10/29/2002, 01-1-26MA, issued: 10/29/2002

3. We recommended that the Director, Office of Property Management, establish formal policies and procedures for the monitoring and administration of outleases.
4. We recommended that the Director, Office of Property Management, develop a formal tracking system that addresses recommendations made by auditors and independent consultants to assist in ensuring that the recommendations contained in audit and consultant reports are implemented.
5. We recommended that the Director, Office of Property Management, improve management oversight of the outlease program by regularly reviewing all tenant leases and making required future rent adjustments to reflect increases in rent due to annual increases, fair market value appraisals, or percentaged-based lease adjustments.
6. We recommended that the Director, Office of Property Management, improve management oversight of the outlease program by periodically reviewing outlease files to ensure that tenants have met insurance requirements in accordance with each lease.
7. We recommended that the Director, Office of Property Management, improve management oversight of the outlease program by reconciling tenant rental payments monthly to ensure all payments are made through the lockbox and deposited with the D.C. Treasury.

8. We recommended that the Director, Office of Property Management, improve management oversight of the outlease program by requesting payment for delinquent rent and late fees, as disclosed in each monthly reconciliation.
9. We recommended that the Director, Office of Property Management, improve management oversight of the outlease program by applying past rent increases to the appropriate outleases and collecting revenue due the District.
14. We recommended that the Director, Office of Property Management, develop formal policy and procedures in conjunction with OFRM for processing tenant security deposits.
15. We recommended that the Director, Office of Property Management, identify tenants that have remitted security deposits and convey the pertinent information to OFRM so that a fiduciary account can be established.

OPM reported that they have hired an asset manager to oversee all lease administrative functions. This position was created to address many of the deficiencies identified in our reports. While actions are underway, it will take some time for them to be completed.

OFFICE ON AGING

Audit of the Management of Grantee Operations at the Office on Aging, 03-2-03BY, issued: 3/30/2004

5. We recommended that the Executive Director, DCOA recoup, as appropriate, all DCOA funds paid to Senior Citizens Counseling & Delivery Service for claims that were not supported by adequate documentation.

Aging officials have referred action related to this recommendation to the D.C. Office of the Attorney General (OAG) (formerly, D.C. Office of the Corporation Counsel), Civil Enforcement Section, on March 19, 2004. The status of actions taken to date by the Attorney General was not provided. We consider this item to be open until final disposition by the OAG.



**DISTRICT OF COLUMBIA GOVERNMENT
DC OFFICE OF RISK MANAGEMENT**

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MEMORANDUM

TO: Charles J. Willoughby
Inspector General

FROM: Kelly Valentine *Kelly*
Interim Chief Risk Officer

DATE: August 12, 2005

SUBJECT: OIG Audit of District Agencies' *Implementation of Audit Recommendations*
(OIG No. 05-1-17MA)

Thank you for the opportunity to review your draft report summarizing the results of the Office of the Inspector Generals (OIG) Audit of District Agencies' *Implementation of Audit Recommendations* (OIG No. 05-1-17MA).

We concur with the reports following recommendations:

1. Adopt the applicable portions of OMB Circular No.A-50 and ensure that the recommendation tracking system used by DCORM meets the Circular's specifications.
2. Establish controls to ensure the accuracy of data contained in DCORM's tracking database.
3. The Director of DCORM follow-up with agency officials on the 88 recommendations that remain open to ensure that agencies continue to work aggressively to timely close these recommendations.

We would like to comment on the OIG's observations and review of the DCORM database. Specifically, the draft report states on page 6 under the discussion section of the DCORM database: "We believe the discrepancies were due to inaccurately recording reports issued by other audit entities as OIG audit reports. We also noted minor typographical errors in the audit report number and inconsistencies in the use of upper- and lower-case letters, which may affect queries."

While this may have been true at the time of the review of the data by the OIG, we would like to state that since March, ORM has entered all the current OIG reports and the Recommendation Tracking System is up-to-date. We agree with the recommendation that controls should be in place to ensure the accuracy of the data and that improvements can be made to our database. We have implemented controls in these areas to address these recommendations

By the end of FY 2005, DCORM is committed to hiring a Special Assistant whose responsibilities will include oversight and assurance of agency compliance of OIG, ADA and other audit reports that DCORM is responsible for tracking. We will work to ensure District wide compliance with your recommendations during the next fiscal year.

CC: Mr. Robert C. Bobb, Deputy Mayor/City Administrator